

6/1/78 - Response to 5/8/78 Emergency Preparedness Memo

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RESPONSES TO
EMERGENCY PREPAREDNESS MEMORANDUM
dated May 8, 1978
(Supplemented)

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MEMORANDUM FOR THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE ATTORNEY GENERAL
THE SECRETARY OF INTERIOR
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF LABOR
THE SECRETARY OF HEALTH, EDUCATION,
AND WELFARE
THE SECRETARY OF HOUSING AND URBAN
DEVELOPMENT
THE SECRETARY OF TRANSPORTATION
THE SECRETARY OF ENERGY
THE ADMINISTRATOR, GENERAL SERVICES
ADMINISTRATION

SUBJECT: Reorganization of Emergency Preparedness
Programs

FROM: JAMES T. McINTYRE, JR. *Jim*
DIRECTOR

Attached is the staff draft recommendations on the reorganization of emergency preparedness programs. The recommendations are almost identical to those you reviewed several weeks ago. I expect to send my recommendations to the President by the end of the week.

Please give me your comments by the close of business Wednesday, May 10. If you have comments or questions, please let Harrison Wellford know.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Official File
FEPR

MAY 8 1978

MEMORANDUM FOR THE VICE PRESIDENT
HAMILTON JORDAN
JODY POWELL
STUART EIZENSTAT
ZBIGNIEW BRZEZINSKI
JACK WATSON
FRANK MOORE
CHARLES SCHULTZE
RICHARD PETTIGREW
FRANK PRESS

SUBJECT: Reorganization of Emergency Preparedness
Programs

FROM: JAMES T. MCINTYRE, JR. *Jim*
DIRECTOR

Attached is the staff draft recommendation on the reorganization of emergency preparedness programs, which I am today circulating to the Cabinet. I expect to send my recommendations to the President by the end of the week.

I would appreciate having your comments.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON D.C. 20503

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr.

SUBJECT: Reorganization of Emergency Preparedness and
Response Programs

This memorandum summarizes the attached reorganization study of Federal emergency preparedness programs. The objective of the study was to develop an appropriate organization of Federal authorities to deal with events that physically threaten the lives and property of the civilian population. We recommend that certain emergency preparedness and response authorities now segregated in eight Federal agencies be consolidated by reorganization plan into a new independent agency reporting to the President. This action would permit the elimination of four of these agencies and streamline the operations of the other four, without diminishing the effectiveness of their remaining functions.

I. CURRENT STRUCTURE

Since 1973, three agencies have had responsibility for broad planning and coordinating missions in anticipation of and in response to civil emergencies, under authorities vested in the President:

- ° The Federal Preparedness Agency (FPA) in the General Services Administration (GSA) coordinates civil preparedness policies and programs.
- ° The Defense Civil Preparedness Agency (DCPA) in the Department of Defense (DOD) administers the civil defense program through financial assistance to State and local governments.
- ° The Federal Disaster Assistance Administration (FDAA) in the Department of Housing and Urban Development (HUD) coordinates Federal natural disaster relief operations and administers a small natural disaster preparedness State grant program.

At least 20 Federal agencies have specific emergency research, prevention or disaster operational assignments, and most other agencies have the responsibility to plan for the performance of their regular missions under emergency conditions. Further complicating the organizational picture is the fact that State and local governments are the front line of civilian preparedness, mitigation, and response for natural, accidental, and wartime civil emergencies.

II. STATEMENT OF PROBLEM

Our technology-dependent civilian society is vulnerable not only to natural phenomena, but also to military and terrorist action and to manmade disasters which range from dam failures and blackouts to chemical and radiological accidents. Recognizing this, the States and local governments have equipped themselves with authorities and organizations which permit an "all-hazard" approach to emergency planning.

However, the Federal Government's organization for carrying out its responsibilities in civil emergency preparedness, mitigation and response has historically been unstable and is currently in disarray.

It has been the target of severe criticism by Congress, GAO, Federal agencies, and especially State and local governments. A long list of problems (on pages 5-6 of the background memorandum and pages 2-10 of its Appendix A) has been documented, including:

- ° Lack of accountability for performance below the Presidential level.
- ° Duplication and overlap in relations with the States.
- ° Conflicts over authority and jurisdiction.
- ° Indecision on policy questions, such as the "dual use" of resources for both natural and wartime civil emergencies or the relative emphasis on disaster hazard reduction versus disaster relief.
- ° Frequent Executive Office intervention to devise responses on an ad hoc basis.

III. POLICY ASSUMPTIONS

The recommendations which follow are based explicitly on a set of policy principles which are controversial but essential to an understanding of the recommended changes:

- ° Dual Use. Civil defense should not depend on a segregated and reserved set of resources. The communications, warning, evacuation, and education planning processes involved in preparedness for a nuclear attack should be developed, tested, and used for natural and accidental disasters as well.
- ° Executive Responsibility. Anticipation of and planning for civil emergencies is an important executive responsibility, deserving regular attention and emphasis at the highest levels of the Federal structure including the White House.
- ° State and Local Role. Both attack and natural disaster preparedness programs must be founded on existing civilian organization and resources which are primarily at State and local levels.
- ° Use of In-Place Federal Resources. Emergency responsibilities should be extensions of regular agency missions whenever possible; the primary organizational task is to coordinate, under emergency conditions, resources that have other uses on a day-to-day basis. This principle rules out creation of an exclusively disaster relief-oriented agency including, for instance, large numbers of personnel from loan-granting agencies such as the Small Business Administration and Farmer's Home Administration.
- ° Mitigation. Hazard mitigation--reducing vulnerability of people and property through sensible regulation of land use and building standards--should be a central long-term thrust of Federal involvement in natural disasters as an alternative to disaster relief.

IV. RECOMMENDATIONS

A. Consolidate FPA, FDAA, and DCPA

The new agency (see Appendix E of attachment) would develop and coordinate Federal programs for the protection of civilian population, resources, and governmental authority at all stages preceding, during, and following a major natural, accidental, or wartime civil emergency.

The benefits expected from this consolidation (stated more fully on pages 10-11 of the attachment) include:

- ° Creating a single accountable official and point of contact for State and local governments.
- ° Providing greater visibility and coherence for preparedness functions.
- ° Ending the present separation of authorities for dealing with various types and stages of disasters.
- ° Responding to an urgent need for consolidation voiced by State and local interest groups, all 50 governors, and several dozen members of Congress, including all who have actively investigated the issue.
- ° Providing significant economies through combining duplicative regional structures and redundant data processing and policy analysis systems.

The costs and potential drawbacks include:

- ° Possibly deemphasizing either natural disaster or attack preparedness in an agency combining both.
- ° Disrupting, for a brief period, established capabilities and requiring one-time dollar costs during process of change.
- ° Possibly increasing budget pressures from the States who might expect a more sympathetic hearing from an agency organized along the same "all hazard" principles that State organizations follow.

We believe that the political and management benefits substantially exceed the costs and that the latter can be minimized by determined and effective leadership by the head of the new agency.

In reaching this conclusion, we considered other alternatives. Option 1 would create a policy planning and coordinating group attached to an existing agency or to the Executive Office to respond to some of these problems. Such a body would not respond to State and local needs and would be unlikely to be more successful than prior coordination attempts have been.

Option 2 would separate natural disaster and nuclear preparedness programs, placing the latter in Defense (including the civil defense policymaking responsibilities now lodged in FPA). The revamped program would center on evacuation and fallout protection. This option avoids the possibility of having one function deemphasized in favor of the other. It also avoids Defense's concern that moving DCPA out of Defense will be seen as downgrading the function. We feel strongly that this alternative is the wrong choice and will be decisively opposed by State and local governments and Congress. It ignores the fact that State and local governments must carry out a civil defense program, and they have little interest in devoting resources to a program that is unresponsive to their own primary concerns about natural and accidental disasters. We feel that the civil defense program can be (as it was, from 1950 to 1961) carried out more effectively under civilian leadership than by DOD, which has no other significant grant programs.

Agency Views

All agencies except those losing programs favor this recommendation. HUD expresses reservations about the consolidation but does not oppose it. Its reservations include a fear that the proposal may increase pressures for increased disaster spending, that it may submerge either civil defense or natural disaster preparedness in favor of the other, and that it may expose the President to more direct criticism when relief operations do not go well. GSA will support the recommendation, but prefers a more limited policy planning and coordination group attached to an existing agency. DOD opposes the loss of DCPA and favors Option 2 above. DOD has rejected a proposed agreement under which DOD would retain civil defense policy guidance and budget review authority.

DECISION

_____ Consolidate FPA, DCPA, and FDAA.

_____ Disapprove

- B. Create an independent agency to house the consolidated units.

(This and subsequent decisions are relevant only if you have approved the OMB recommendation in Decision No. 1.)

We considered several locations for a consolidated agency (see pages 15-18 of the attachment). Incorporation within the EOP, preferred by most groups and some proponents of the consolidation in Congress, was rejected because it would almost triple the size of the EOP and is not necessary.

Attaching the new agency to an existing parent agency (DOD, GSA, or HUD) or another agency would allow access to the administrative resources of a large organization.

The disadvantages, however, outweigh the advantages. Subordinating coordinative authorities to the sub-departmental level has not worked in the years since the 1973 reorganization. Layering, low visibility, and inevitable conflicts with other departmental priorities make this alternative unacceptable to Congress and State and local governments. Further, subordination to a domestic agency (HUD or GSA) would be seen by Defense as an unacceptable downgrading of attack preparedness in favor of natural disaster activities. Assignment to Defense would be just as strongly resisted by State and local governments and voluntary groups, and is not advocated by DOD either.

We long resisted the third alternative--independent agency status--because it adds one to the already large number of agencies reporting to the President. I am now convinced, however, that this alternative is inescapable. To the advantages of accountability, visibility, policy control, and a direct reporting line to the President in times of crisis, must be added the fact that all 50 governors and 59 members of Congress have explicitly endorsed independent status. In this case, we would expect considerably more Congressional opposition from failure to create a new independent agency than from our recommendation to do so. Independence is also supported by voluntary sector organizations such as the Red Cross and the United Way, and by all key public officials' groups, including limited purpose groups such as the State Disaster Preparedness Directors and the Civil Defense Council.

There has been no agency opposition, apart from the consolidation question, to the creation of an independent agency. Although some members of Congress have expressed reservations about creating new agencies in general, we believe that they will support this recommendation.

DECISION

_____ Approve new independent agency (OMB recommendation)
 _____ Disapprove

C. Create a White House Emergency Management Committee.

The interagency and intergovernmental coordinative and planning responsibilities of the new agency, as well as the fact that the President must exercise direct control in some civil emergency situations, argue for a formal link to the White House (see pages 18-19 of attachment). We recommend that the Administrator of the new agency chair an Emergency Management Committee created by Executive Order and composed of Assistants to the President for National Security, Domestic Affairs, and Intergovernmental Relations as well as myself. The committee would replace the inactive Crisis Management Committee, set policy for the new agency, and advise the President in civil emergency situations. We further recommend that the Administrator of the new agency be invited to relevant NSC and all Cabinet meetings.

There has been no agency opposition to these recommendations, though the National Security Advisor believes the Vice President should chair the committee.

DECISION

_____ Approve White House Emergency Management Committee
(OMB recommendation)

_____ Disapprove

_____ Approve Invitee Status at Relevant NSC and all
Cabinet Meetings (OMB recommendation)

_____ Disapprove

D. Add several other hazard mitigation programs to the new agency.

Although the new agency could stand alone, we believe that several other responsibilities should be added to it--both to minimize separate contacts at the State and local level, and to strengthen the new agency by giving it some operational resources and an organizational theme as the central locus of disaster hazard mitigation authorities. In the long run, as Frank Press has emphasized, hazard mitigation offers a necessary and cost-effective alternative to rising disaster relief expenditures (see pages 18-20 of attachment).

Specifically, the supplementary functions we recommend for consolidation in the new agency are:

- ° The community preparedness program now carried out by the National Weather Service in Commerce.
- ° The functions of the Federal Insurance Administration in HUD.
- ° The fire prevention and control program located in Commerce.
- ° The earthquake hazard reduction and dam safety coordinating functions now assigned to the Office of Science and Technology Policy.
- ° The emergency broadcast system (EBS) planning responsibilities of the former Office of Telecommunications Policy.
- ° The coordination of emergency warning systems and Federal response to consequences of terrorist incidents both of which responsibilities are not now assigned.

Three of these recommendations have sparked controversy.

(1) Federal Insurance Administration (FIA)

The Federal Insurance Administration in HUD devotes almost all of its resources to discouraging the building of structures in flood plains through stimulation of local ordinances. It also subsidizes flood insurance, though the sales and claims work is contracted out. It has a small (8 staff years) crime/riot insurance program as well, and occasionally does non-statutory investigative and consultative work on insurance matters (see pages 23-25 and Appendix L of attachment).

We believe that the Flood Insurance Program is essential to giving the new agency the lead role in hazard reduction. Most Presidentially declared disasters are floods and this is by far the most significant hazard mitigation program. It has not fared well lately in a series of disputes with Congress.

HUD opposes the transfer of flood plain hazard reduction and insurance, arguing that flood relief should be kept totally separate from hazard reduction and insurance. HUD forecasts

a decline in status for the program if it were to be included with other hazard reduction programs in a sub-Cabinet agency. Since separation of the Flood Insurance Program would leave only about 10 percent of FIA in HUD, we are recommending transfer of all the FIA functions pending a broader decision on how to handle insurance questions throughout the Government. This transfer will face some opposition in Congress from environmentalists, the insurance industry, and the Banking Committees unless it is convincingly presented as a strong commitment to strengthening the mitigation principle. Without this commitment, they will worry that the land use provisions of the flood insurance program will suffer by association with FDAA's disaster relief authorities, notwithstanding the fact that both programs are now co-located in HUD.

(2) NOAA/NWS Community Disaster Preparedness Program

The National Weather Service in the Department of Commerce administers a community-level disaster preparedness program confined to weather-related disasters like floods, tornados, and hurricanes (see page 23 and Appendix K of attachment). Although small (43 staff years budgeted for FY 1979), it is in fact the largest natural disaster preparedness staff in the Federal establishment.

The disaster preparedness program's principal role is to stimulate and assist communities to prepare emergency operations plans. In carrying out this responsibility, NWS works with the same local emergency officials contacted by other Federal preparedness and mitigation programs, lending weight to the perception of program fragmentation based on the cause of a potential disaster.

Commerce strongly opposes transfer even of the 21 new positions recommended for this function in your FY 79 budget, arguing that its role is purely advisory and consultative, related to the technical capabilities of the NWS staff. We recommend that you approve the transfer of the community preparedness function in principle and leave the exact division of resources for my resolution in the next few weeks.

(3) National Fire Prevention and Control Administration (NFPCA)

The NFPCA was created in the Department of Commerce in 1974. Its principal activities are research, interagency coordination, planning, and public education on fire

prevention and mitigation. It is not involved in fire combat, since this is a local responsibility. About 15% of local civil defense units are fire departments (see pages 25-26 and Appendix M of attachment).

We recommend transferring the program to the new agency. By doing so, we would strengthen the hazard reduction/prevention perspective of the agency, consolidate Federal agencies that deal with local officials on emergency preparedness, and build up links between the agency and the communities with which it must deal. The NFPCA is not central to Commerce's principal responsibilities, though there is a strong lateral link to the Fire Research Center (National Bureau of Standards), which gets 60% of its funding from NFPCA.

Commerce strongly opposes the transfer, arguing that: (1) placing the program in the new agency will lead it toward fire suppression rather than prevention, thus creating pressure for more funding; and (2) transfer would disrupt coordination of its research activities with the National Bureau of Standards.

The fire service groups are well organized and vocal. They have promised support for the transfer, but made it conditional on approval of funding for a National Fire Academy. Most groups representing State and local government are on record opposing the transfer (as the Joint Fire Council once was) but we believe they will change their positions if the President and the Joint Fire Council approve the transfer.

The fire service groups are well organized and vocal. They have promised support of the transfer if funding for a National Fire Academy is approved.

DECISIONS

Approve

Disapprove

Earthquake Hazard Reduction Program (OSTP)

Dam Safety Coordination (OSTP)

Warning and EBS Policy Oversight (OTF)

_____	_____	Response to Consequences of Terrorist Incidents
_____	_____	Community Disaster Preparedness (NWS)
_____	_____	Federal Insurance Administration (HUD)
_____	_____	National Fire Prevention and Control Administration (Commerce)

V. IMPLEMENTATION

A detailed reorganization plan incorporating your decisions can be prepared for submission to Congress within one month. Should you approve all of the recommendations above, the new agency will have an initial staff of approximately 2,300 and a budget of roughly \$475 million. Our reorganization plan will show a potential reduction of from 200 to 300 staff spaces (achieved through attrition) and a budget savings of \$10 to \$15 million.

HUD



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

MAY 1 1975

Honorable James T. McIntyre, Jr.
Director, Office of Management
and Budget
Washington, D. C. 20503

Dear Mr. McIntyre:

Thank you for providing me with a copy of the revised report recommending changes in the organization of Federal emergency preparedness and response activities.

I am again taking advantage of the opportunity to express to you my strong opposition to removal of the Federal Insurance Administration from HUD and my reservations about certain other aspects of the proposals. The comments from this Department are enclosed, and these have been organized to coincide with the four decisions the President will be asked to make. Many of our comments have been submitted to you and to project staff previously, but I feel that these are worth repeating and emphasizing at this point.

Again, I appreciate the opportunity to express HUD's views on the proposed reorganization.

Sincerely yours,

/s/ Patricia Roberts Harris

Patricia Roberts Harris

Enclosure

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT COMMENTS
ON PROPOSALS TO REORGANIZE FEDERAL DISASTER RELATED ACTIVITIES

MAY 10, 1978

Decision No. 1 -- Consolidate FPA, FDAA and DCPA

1. We feel that State and local governments are supporting the consolidation effort because they fully expect that it will result in increased Federal funding for disaster preparedness and response. If this is not to be the case, there could be much frustration and disappointment at State and local levels (and consequently much criticism of the Administration) when additional funds are not forthcoming. As further support for the belief that consolidation will lead to new pressures for increased Federal disaster spending, we would note that it is probable that Regional Directors of the consolidated agency will become Schedule C appointees. Such individuals would be subjected to strong political pressures to recommend that disasters and emergencies be declared.

2. There is a danger that in merging Federal activities relating to natural disasters with civil defense activities, one or the other of these areas may become submerged in the massive new agency and may not receive the increased attention the reorganization is expected to provide.

3. The potential for program disruption must be emphasized. While the long-range advantages of consolidation may be numerous, short-range consequences in terms of program disruption probably will be substantial.

4. The central thrust of our position that if FDAA is removed from HUD, the temporary housing program also should be removed, has been missed. Because the provision of temporary housing to disaster victims is the most complex and long-range of all disaster-related activities, we do not feel that authority for administering the program should rest in an agency other than the one that assumes overall responsibility for disaster assistance. We question the advisability of delegating authority for this very difficult program from a new, independent agency to any existing Department or agency.

Decision No. 2 -- Create an independent agency to house the consolidated units.

1. The primary objection to this proposal is that it places the President in a position of being considerably more vulnerable to criticism when disaster relief activities do not go well and when requests for disaster declarations are not approved. At the present time the President is somewhat insulated from such criticism.

2. The option of locating a combined disaster agency in an existing Department does not seem feasible. This is because there is no existing Department accustomed to dealing with two areas as disparate as civil defense/national security and domestic response to the consequences of natural disasters.

Decision No. 3 -- Create a White House Emergency Management Committee.

The Department has no objection to creation of a White House Emergency Management Committee, but we do note again here the disadvantages of identifying these activities closely with the President. It is noted that a Crisis Management Committee does exist at the present time but has never met. It may be worthwhile to investigate why such a group has not served in the capacity for which it was intended.

Decision No. 4 -- Add several other hazard mitigation programs to the new agency.

1. Out of 19 programs considered for inclusion in the proposed new agency, only seven were ultimately recommended for transfer. The same arguments that were presented against transfer of other programs can be used in behalf of those that are recommended for inclusion. The project notes that an effort was made to avoid bringing together a "hodgepodge of responsibilities with important gaps," but that is precisely what has resulted in the recommendations.

2. Appendix L finesses the fact that the NFIP is not, by a very long shot, the largest Federal program designated for hazard mitigation. The Corps of Engineers will spend approximately \$1 billion on flood control measures, structural and nonstructural, during Fiscal Year 1979. The Federal

Insurance Administration's major expenditures will be on insurance, not mitigation. At page 4 of Appendix L it is stated, "It is difficult to see how the agency can claim comprehensive responsibility and leadership in hazard mitigation if the principal program is in another agency." Yet the principal program, the Corps of Engineers, is not even mentioned as a candidate for transfer.

3. HUD particularly resents the attack on the National Flood Insurance program that is found in documents attached to the decision memorandum. The basic thrust of this argument is that the program is not doing well in HUD and that, therefore, it should be transferred. There is absolutely no evidence to support this contention, and the gratuitous comments that are made regarding the program indicate clearly that it is not well understood by project staff. The following arguments are emphasized in defending HUD's position that the Federal Insurance Administration should remain in this Department.

- We understand that the question of Federal involvement in insurance activities and the proper organization of Federal insurance programs will be studied by the OMB in the near future. The report in question acknowledges that there may be further efforts to reorganize these programs (page 9 of decision memorandum). It is foolish to take Federal Insurance Administration programs out of HUD at the present time and subject them to additional organizational changes at a future date. Not only would such a step be detrimental to the programs and cause confusion in the new agency, it also would invite charges that the Administration is piling one reorganization on top of another.
- The flood insurance program has fared very well in HUD, and every HUD Secretary has supported the program fully. The program now enjoys the participation of 16,000 flood prone communities in which almost 99 percent of the Nation's flood prone structures are located. To change a program that is functioning smoothly calls to mind the old adage about the theory in government being "If something is working well, change it." The report

is contradictory in that it suggests at one point that the flood insurance program is not working well and at another point acknowledges that the program has "clout."

- The flood insurance program is closely related to other HUD activities. Safely constructed housing and proper planning are key elements in the success of the program. It is for this reason that Congress put the program in HUD in the first place.
- The Federal Insurance Administration is a consumer-oriented organization. Although staff of the reorganization project met at least twice with insurance groups, they apparently never met with consumer groups. HUD has been told by consumer and environmental groups and even by some insurance industry representatives that they oppose transfer of the Federal Insurance Administration from HUD, and we have been provided with copies of letters (enclosed) which substantiate these stories.
- Reference is made to Congressional attacks on the flood insurance program. There is no reason to believe that last year's Eagleton Amendment would not have passed had the program been located in an agency other than HUD. Flood-plain management is a controversial issue, regardless of what agency administers the policies. Furthermore, HUD was successful in fighting off other more serious bills during the past two years. We know of no attempts in Congress to "erode the program's legislation . . . this spring."
- The reference to FIA's investigations of the insurance industry for redlining reflects the OMB's failure to comprehend the nature of the responsibilities of the Federal Insurance Administration. In the first place, this investigation was mandated by Congress. The Conference Report which accompanied the Housing and Community Development Act of 1977 states: " . . . the conferees direct the Secretary to undertake a study of the conduct of States in administering the program [Riot Reinsurance Program] and the

effects and potential effects of that administration on the availability and affordability of insurance coverage and to report to the Congress with recommendations for appropriate legislative action no later than January 15, 1978. The responsible committees have agreed, upon receipt of this report, to promptly convene hearings and to undertake the appropriate legislative action to remedy this situation." In the second place, the elimination of redlining is consistent with the present Administration's policy in this area. Moreover, the Urban Property Act of 1968 also created the FAIR plans under which property insurance is made available to persons who previously were "uninsurable." Thus, the question of the availability of property insurance has been a responsibility of FIA for ten years under existing legislation.

- The plan demonstrates on its face that absorption by the new agency of the fire prevention and flood insurance programs is not essential to the principal thrust of the proposal, which is to centralize all emergency response and preparedness activities on an all-risk, dual-use basis to the end that States and localities will perceive benefits to them rendering it worthwhile for them to participate affirmatively in the civil defense element of the program. While the earlier draft version of the paper conceded the severability of the fire prevention and flood insurance programs from those proposed to be assigned to the new agency, we were interested to note that the more recent paper deletes this observation. We are unable to discern any logical basis, other than strategic, for this deletion.

March 2, 1978

Dear President Carter:

The President's Reorganization Project is considering taking the National Flood Insurance Program out of the Department of Housing and Urban Development (HUD) and combining the Flood Insurance Program with federal disaster relief agencies in a new Civil Emergency Management Administration. We strongly criticize this proposal and urge that the Flood Insurance Administration be kept separate from disaster relief agencies.

The goals of the Flood Insurance Administration are in sharp contrast, indeed almost in contradiction, with the goals of flood relief measures. While disaster relief agencies gain appreciation in the political process, their political strength and influence through expenditures of Federal money to relieve flood losses, the Flood Insurance Administration has the goal of preventing those very flood losses from recurring.

The National Flood Insurance Program is designed to protect people who already live in a floodplain while deterring unsafe future development in the hazard area. Instead of contributing to the growth of disaster aid, the Flood Insurance Program is designed to be decreasing government payouts for flood losses over time, in effect, to be reducing the disaster relief effort.

We are deeply concerned that, with the combining of the Flood Insurance Program and the disaster relief agencies, over time, the Flood Insurance Administration will come under continuing pressure to relax its floodplain regulation standards to allow more development to take place in flood prone areas which would then be addressed with flood relief in emergency situations.

It has been estimated that a strong National Flood Insurance Program will save \$2 billion per year in property losses by the year 2000. We are very fearful that the proposed reorganization might lead to eventual weakening of the Flood Insurance Program that would allow greater development in hazard areas, increasing both the potential for human and property losses and the amount paid out in disaster relief. We urge you to keep the Flood Insurance Administration separate from other disaster relief agencies.

Sincerely,

Tom Barlow

Tom Barlow
Natural Resources
Defense Council

John Burdick

John Burdick
Citizens Committee on
Natural Resources

Maitland Sharpe

Maitland Sharpe
Izaak Walton League

Blake Early

Blake Early
Environmental Action

Brent Blackwelder

Brent Blackwelder
Environmental Policy Center

Pat Parenteau

Pat Parenteau
National Wildlife Federation

Brock Evans

Brock Evans
Sierra Club

Ann Graham

Ann Graham
National Audubon Society

David Conrad

David Conrad
American Rivers Conservation
Council

CRUM & FORSTER INSURANCE COMPANIES

LESLIE CHEEK
VICE PRESIDENT
FEDERAL AFFAIRS

April 7, 1978

The President
The White House
Washington, D. C. 20500

Mr. President:

Re: Emergency Preparedness and
Response Reorganization Project

It is our understanding that you will soon be reviewing the report of your Federal Emergency Preparedness and Response Reorganization Project, which recommends the creation of a Civil Emergency Management Administration (CEMA) to unify the scattered disaster response agencies of the Federal Government.

While the Crum & Forster Insurance Companies are in sympathy with the objective of streamlining Federal disaster relief functions, we are disturbed by and strongly opposed to the recommendation that the National Flood Insurance Program (NFIP) be transferred from its current home in the Department of Housing and Urban Development's Federal Insurance Administration to the new CEMA.

The basic mission of most of the programs examined by the Reorganization Project is to provide after-the-fact relief to the victims of natural or man-made disasters. The NFIP, on the other hand, was created in large measure to relieve Congress and the Executive Branch of the necessity of appropriating and expending the taxpayers' money to rebuild -- often annually -- flood-prone areas where redevelopment should have been discouraged and property owners encouraged to contribute to their own relief if they could not be persuaded to move.

The key element in the NFIP, therefore, is not the indemnification function it has in common with other disaster relief programs, but rather the loss prevention function largely lacking in the other programs proposed for transfer to the CEMA. By conditioning eligibility

President
April 7, 1978
Page Two

for flood insurance on community enactment and enforcement of flood plain land use management and zoning ordinances, the program encourages localities to prevent future flood losses while enabling their citizens to purchase, in advance, certain protection against flood damage to existing properties.

We are concerned that the important loss prevention function of the NFIP would be downgraded and ignored in a new agency whose aggrandizement will depend not on how many disasters it prevents, but rather on how many it is called upon to respond to with grants, loans, and other forms of post hoc relief. We believe it would be healthier for both the NFIP and the CEMA if their conflicting functions were kept separate through retention of NFIP in the Federal Insurance Administration.

Sincerely yours,

Leslie Cheek

Leslie Cheek, III
Vice President-Federal Affairs

LC/kor

cc: The Honorable Patricia R. Harris
Mr. Gregory W. Schneiders
The Honorable Gloria M. Jiminez ✓
The Honorable Thomas L. Ashley
The Honorable William Proxmire

Washington Office

Alliance of American Insurers

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1400 North Dearborn
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Chicago, Illinois 60610

March 21, 1978

Mr. Gregg Schneiders, Director
of Special Projects
Office of Management and Budget
Executive Office Building
Washington, D.C. 20503

Dear Mr. Schneiders:

Re: Organizational Placement of the National Flood
Insurance Program

We understand that President Carter's Reorganization Task Force is actively reviewing a proposal for the creation of a Civil Emergency Management Administration. Further, that this administration might encompass a hazard reduction component which would include the National Flood Insurance Program, among others. Our association represents over 100 insurance underwriters that provide property and casualty insurance coverages in all fifty states and the District of Columbia. We feel compelled to go on record in opposing any move of the National Flood Insurance Program from its current location in the Federal Insurance Administration.

The Alliance has been a strong and active supporter of national flood insurance since its inception in 1968. Once enacted into law, the Alliance urged its member companies to fully support the development of the flood insurance program, to promote the sale of flood insurance policies, and to contribute their risk capital. In particular, the work of our Property Loss Research Bureau has been noteworthy in providing extensive research and operations support in the adjustment of flood insurance claims while helping to coordinate relief efforts in disaster areas ravaged by flood waters. Hence, our position reflects both our extensive experience as well as necessary historical perspective in supporting the growth of National Flood Insurance.

The National Flood Insurance Program presently has two major operating components. First and foremost, it is an insurance program that requires careful and experienced management to underwrite, promote, distribute, and manage flood exposures for millions of individual policyholders. Secondly, the flood insurance program has a major loss prevention and planning/coordination component which involves extensive research, mapping and local planning within this insurance framework to assure that flood hazards can be effectively minimized, pooled and transferred. We believe that any move of the flood insurance program to a new federal agency would place the essential insurance related aspects of that program in real jeopardy, lead to further government control and reduce necessary incentives for community self-help.

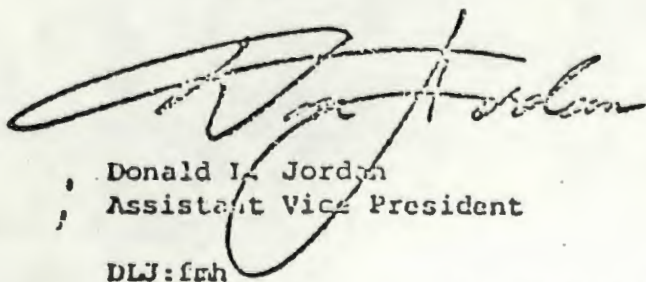
Mr. Gregg Schneiders
March 21, 1978
Page 2

Ms. Gloria Jimenez now confirmed by the Senate as Federal Insurance Administrator, has recently stated that private sector insurers should be encouraged to play a more active role in providing flood insurance. Further, we understand that Ms. Jimenez would be open to proposals that might shift the National Flood Insurance Program back to a Part A status. at some point in the future. The Alliance testified last September before the Subcommittee on Housing and Community Development of the House Committee on Banking, Finance and Urban Affairs in support of the National Flood Insurance Program. In our testimony, we reiterated our interest in continuing a partnership with the government in providing flood insurance.

We are convinced that there would be little opportunity for the private sector to re-establish a cooperative effort with the government in the management of the National Flood Insurance Program if that program is shifted out of the Federal Insurance Administration. One has only to look at the history of the government/industry relationship to understand that a joint partnership role was contemplated when the enabling legislation was passed in 1968. Of particular importance, the intent of the National Flood Insurance Act was to limit the need of federal disaster relief for flood victims and replace it with available insurance, creating a program which required a decreasing need for government involvement. We believe that any shift of the National Flood Insurance Program responsibilities from the Federal Insurance Administration would, in fact, lead to increased government assistance and move the program away from the self-help rationale which underpins its creation. This is particularly true today as the flood program is in a period of transition.

If you have any questions regarding our position on this program, please feel free to call me (331-0313), at our Washington office.

Sincerely,



Donald I. Jordan
Assistant Vice President

DLJ:feh

Copies to:

Ms. Gloria Jimenez - FIA
Mr. Darrell Coover - RAI
Mr. Tom Wagner - AIA

COMMERCE



HW 5/121
THE SECRETARY OF COMMERCE
Washington, D.C. 20230

MAY 10 1978

Dear Jim,

Based on my previous letters on this subject, I am sure that you are aware of my position on the PRP's recommendations for transferring the Fire Administration and the National Weather Service community preparedness program out of Commerce. I want to assure you, however, that this position is not based on some parochial view of the Department, but is based instead on my belief that reorganizations which do not serve the President's interests in effective management over the long pull should not be implemented.

With this concern in mind, I would like to point out the following with respect to the NFPCA transfer recommendation:

1. Regardless of the PRP staff's protestations to the contrary, the new agency, by its very nature, will be forced to focus on after-the-fact disaster response. The press of public concern over ad hoc disaster relief efforts will not allow the agency to effectively orient itself to overall disaster prevention, much less so to the fire problem, where the impact comes only in relatively small increments. There are two principal managerial implications associated with this condition:
(a) placing NFPCA in the new agency will tend to focus NFPCA's future work toward fire suppression rather than fire prevention, a focus which is foreign to all of NFPCA's earlier work as well as to the legislative intent of the NFPCA program;
and (b) this suppression focus will, in turn, create potential for turning the NFPCA into a new and costly form of LEAA type of assistance program. I should also note that the PRP has allowed expectations of this kind of future funding to exist in the minds of those whose support the PRP has sought for the NFPCA transfer.



2. One of the major reasons for placing the NFPCA in Commerce was so that it would work more effectively with the NBS Fire Research Center. This intent was reinforced by giving NFPCA direct control over the Center's appropriated funds, thus ensuring that the Center's research effort will mesh with NFPCA's overall priorities for the development of a comprehensive fire prevention program. Placing NFPCA in another agency apart from the Center will not allow this direct form of managerial control, and will inhibit the development of the comprehensive program of which the Center's research and fire code standards criteria effort is an essential part.
3. Contrary to the statement contained in the first page of Greg Schneiders' April 4, 1978 memorandum to you, State and local interest groups do not overwhelmingly favor this plan. The Joint Council of National Fire Service Organizations has supported it, but this support has always been contingent upon the PRP staff's commitments for funding for the Academy and the overall fire program, commitments which are irrelevant in discussing the organizational issue. More importantly from the view of Presidential interests is the fact that elected State and local officials, as represented by such groups as the National League of Cities, the National Association of Counties, the International City Managers Association, and the U.S. Conference of Mayors have opposed the NFPCA transfer.

The PRP's proposal for transferring the NWS community preparedness program does not serve the President's interest either, principally because he is being asked to make a decision on the basis of erroneous information.

1. The PRP's proposal relies upon the false conclusion that the NWS staff works with State and local officials to develop plans for evacuation, emergency health care, continuity of government, etc. in the event of a natural disaster. My staff looked into this program thoroughly, and their report to me is that PRP's understanding of the NWS program is wrong. The fact is that the NWS staff doesn't deal in any of these functions, and we have never stated that they do. In addition to providing

warnings and training local people as tornado or flash flood spotters, the NWS role is confined to stimulating the local community to prepare emergency plans. NWS participation in developing such plans is limited to an advisory/consultative role (e.g. which evacuation routes may be flooded out, establishment of a warning/reporting system that meshes with NWS operations, where to place flash flood gauges) related to the scientific and technical capabilities of the NWS staff. NWS does not prepare such plans on its own.

2. The PRP staff indicates that State and local officials have expressed dissatisfaction with the work of the NWS disaster preparedness specialists. This also is erroneous. These officials have praised our efforts and have been our best supporters. Their only criticism has focused on the fact that we have too few people providing the technical assistance needed to insure timely and effective disaster warnings.
3. The PRP report also states that the NWS program is the largest effort in the nation related to natural disaster preparedness. In fact, however, even with the FY 1979 program expansion, NWS will have only 43 people trying to do the extensive job in 50 States. With over 10,000 communities throughout the country, this represents a very small commitment to a large problem. If NWS is not allowed to function with this full complement of 43 people, I expect that the penalty will be the unnecessary loss of many lives each year, and an immediate demand by State and local officials and by members of Congress that we devote more resources to this program.

I am concerned that the memorandum to the President and the supporting documentation does not give full view to these comments. I made similar comments in my earlier letters, but was disappointed to see that these earlier comments and those of interested State and local constituent organizations have received so little attention from the PRP staff. I am also greatly concerned that enticements, such as implied

funding increases, that cannot be kept may have been made to some organizations or individuals to gain their support for parts of the proposal.

I would like my firm opposition to the transfer of the National Fire Prevention and Control Administration and the National Weather Service community preparedness program recorded in the memorandum to the President. This should include my concern that the functions and the objectives of the NFPCA and the NWS program are not the same as those of the key elements of the new agency as required by the Reorganization Act. The strong objections of the National League of Cities, U.S. Conference of Mayors and key members of the Senate to including the Fire Administration in the new agency should be included as well as the serious reservation of the National Volunteer Fire Council.

With warm regards,

Sincerely,

Honorable James T. McIntyre, Jr.
Director, Office of Management and
Budget
Washington, D.C. 20503

DEFENSE



THE DEPUTY SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

MAY 10 1978

Honorable James T. McIntyre
Director
Office of Management and Budget
Old Executive Office Building
Washington, D.C. 20503

Dear Jim:

As you know, the Department of Defense agreed last fall that a careful inquiry by the President's Reorganization Project into the organization of the federal government's natural disaster and civil defense activities was appropriate. State and local government officials did not know which federal official to contact when faced with a natural disaster, and policy and operational responsibilities had been allocated haphazardly among several agencies. We emphasized, however, that the study should take into account the conclusions of ongoing civil defense policy studies within DoD and the NSC that had been prompted by the considerable Soviet activity in the field of civil defense and by the requirements of our own strategic planning.

In an effort to relieve one organizational difficulty, the staff of the PRP has proposed the creation of a new emergency preparedness agency, encompassing a number of natural disaster programs--plus civil defense. The staff explicitly adopted as a "policy assumption" that civil defense resources should not be segregated from natural disaster resources. It is that "central" unproven assumption that Harold and I have consistently said we cannot in good conscience accept. The policy of dual use which the staff postulates seems to me to be more a self-fulfilling prophecy than an analytically-sound evaluation of the overlap between natural disaster programs on one hand, and civil defense on the other. In the past, because civil defense money has as a practical matter been available for natural disaster preparedness needs, state and local governments have taken advantage of that availability. Our recent civil defense policy study has suggested, however, that a program emphasizing a "single use" approach of evacuation and fallout protection could greatly increase American survivors of a Soviet attack, at a relatively modest increase in cost. While such a program would share a few systems with the natural disaster preparedness program, the program's emphasis would be on measures that lack a natural disaster analog. We would be focusing instead on creating with the states a workable civil defense program--a constituent element of our strategic posture of deterrence and of essential equivalence. With its emphasis on dual use, the staff a priori rejects that approach, in favor of its own policy judgment that it is preferable to continue significant natural disaster preparedness funding in the guise of a civil defense program.

Wellford

I have considered the suggestion that the Secretary of Defense provide "guidance" on civil defense policy and "review" and then defend the new agency's budget. I do not believe, however, that the proposal is practical, nor is it responsive to the problems I have raised above. It would seem to put this Department in the unenviable position of being held responsible for a program over which it has no real authority or control.

The proposal would be improved by conferring on the Secretary the sort of budgeting and tasking authority with respect to the new agency that the Director of Central Intelligence currently enjoys with respect to the intelligence community. There still would be significant defects, however. Intimate involvement with the planning and implementation of the intelligence policy has left me with a practical appreciation of the managerial complexities and divisions of authority that such an approach entails. It is by no means an organizational model that demands emulation.

Acceptance of such organizational complexity in the intelligence community stems from a shared recognition among the users and producers of intelligence information that their diverse needs require such an arrangement. There is no similar organizational imperative in the civil defense/natural disaster preparedness fields. As I have previously discussed, the overlap that has existed between these two activities in the past has been as much the product of accident as design, and is not (contrary to what the staff study assumes) a defining characteristic of an effective civil defense program.

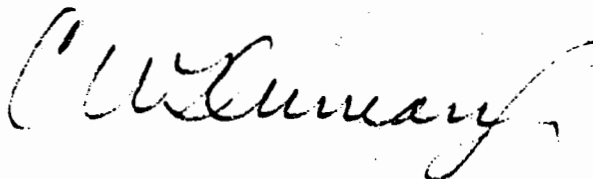
There is no doubt that the civil defense program in recent years has lacked a firm conception of its proper goals. This Department is now ready, however, to provide the sort of policy guidance that should enable more improvement in the capacity to manage the program than any simple organizational shift. Retaining civil defense in DoD along with other programs affecting our strategic nuclear deterrence and transferring to the Department the FPA's functions of civil defense policy-making and coordination would end the artificial division of authorities that has previously hindered implementation of an effective civil defense program. Assuming concomitant improvement on the natural-disaster side as a result of the Project's other recommendations, many of the organizational criticisms from state and local governments that motivated the study will be satisfied.

We therefore, have nothing to gain by adopting an unwieldy management structure premised on the erroneous assumption that civil defense and natural disaster preparedness activities must be operationally linked. The report does not come to terms with that basic point. I continue to believe that the primary characteristic of the civil defense program is its contribution to our strategic posture of deterrence--a role that is properly encompassed in DoD's general responsibility for planning and administering strategic nuclear programs. I do not think we should adopt a new organizational arrangement that promises to submerge civil

defense in an agency with a natural-disaster focus, and simultaneously create a new set of organizational deficiencies to replace the ones thought to be "cured" by this reorganization.

I hope that you will make our strongly held views on this known to the President.

Sincerely,

A handwritten signature in cursive script, appearing to read "W. L. Murray". The signature is written in dark ink and is positioned below the word "Sincerely,".

GSA



May 10, 1978

RECEIVED
MAY 11
ALL: 45
BUDGET

Honorable James T. McIntyre, Jr.
Director
Office of Management and Budget
Washington, DC 20503

Dear Jim:

As regards the proposal for reorganization of emergency preparedness functions you sent for my review and comment, I have the following observations:

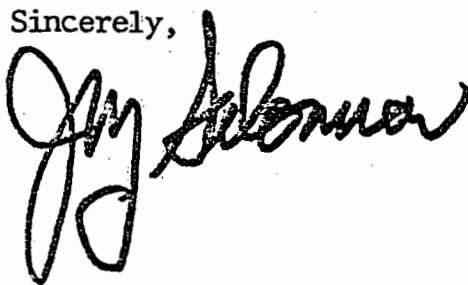
My personal preference is to not see a new independent agency created, but rather combine the functions of FPA, DCPA, FDAA, and other smaller groups and attach the new organization to an existing statutory agency for administrative purposes. This would seem to be in line with the President's thinking on not creating new government agencies unless those agencies created are in effect a consolidation of existing independent agencies with similar functions.

If you feel, however, that other options have been pursued adequately by the reorganization team and are comfortable with the single recommendation made in this memo, I will support your decision with the President.

The only remaining observation I would make at this point is that you might consider being more conservative with the cost savings noted in the final paragraph of the recommendation. I think it would be a mistake to be forced to defend such potential savings before the Congress, and perhaps later with the President, unless the reorganization team has indeed done considerable prior study of where such savings were likely to occur. It is doubtful in my mind that such savings as indicated in the memorandum would occur in the first or second year of consolidation. It may be a tactical mistake to promote this particular reorganization on the basis of cost savings, rather than the more evident basis of ending duplication of programs and more effective emergency management, which seems to be the greater thrust of the proposal.

In summary, while I have personal reservations about portions of this study, if it is your decision to send the proposal forward, I will support your decision, and if positively reacted to by the President, assist properly and supportively in its implementation.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jay Solomon". The signature is fluid and cursive, with the first name "Jay" written in a large, stylized loop and the last name "Solomon" written in a more standard cursive script.

Jay Solomon
Administrator

W.H. STAFF

RECEIVED

THE WHITE HOUSE

WASHINGTON

May 24, 1978

MAY 24 P 1: 34

MEMORANDUM FOR:

JIM MCINTYRE

FROM:

STU EIZENSTAT
LYNN DAFT

SUBJECT:

Reorganization of Emergency
Preparedness Programs

This is in response to your May 8 memorandum soliciting comment on the draft report to the President on this topic.

Your staff is to be commended for doing a first-class job on this study. It appears to us to be a well conceived, thoroughly done piece of analysis. Our criticisms are few and of minor consequence.

We agree with your assessment of the need to consolidate FPA, FDAA, and DCPA into a single agency and would add our endorsement to your recommendation. Incidentally, for purposes of clarification, you might want to list the other two options in the decision box on page 5, together with an indication of how the agencies line-up in their recommendations. We also endorse your recommendations for (a) creating a new independent agency to house the consolidated units, (b) creation of a White House Emergency Management Committee chaired by the Administrator of the new agency, and (c) attendance of the Administrator at meetings of the Cabinet and relevant NSC meetings.

With regard to the transfer of other hazard mitigation programs to the new agency, we would like to register a reservation over the transfer of two of these programs -- the National Weather Service program and the National Fire Prevention and Control Administration. In the case of the former, our concern is over the drawbacks of splitting-off a relatively technical staff from a parent organization on which it is dependent for professional support. We suspect they would do a better job as part of the NWS, though improved coordination could be required. In the case of the Fire Prevention and Control Administration, it would appear that housing it in an emergency preparedness and response agency might be overly constraining, given its breadth of responsibility.

One last comment, the last sentence in the fourth bullet on page 3 is a little confusing. The simplest solution is to delete it.

RECEIVED

THE WHITE HOUSE

MAY 24 11:35 AM WASHINGTON

May 23, 1978

HARRIS, J. ROBERT

MEMORANDUM FOR

JAMES T. MCINTYRE, JR.
DIRECTOR
OFFICE OF MANAGEMENT AND BUDGET

SUBJECT: Reorganization of Emergency Preparedness Programs

I have reviewed your draft recommendation on the reorganization of emergency preparedness programs.

Consolidation and an Independent Agency

I am inclined to support the consolidation of EPA, DCPA, and FDAA into a single independent agency. Consolidation without an independent agency strikes me as a false option. No department could appropriately manage this collection of disparate functions.

Adding Other Programs

If consolidation is to take place, it follows that as many other "hazard mitigation programs" as possible should be included. I would therefore support inclusion of all the programs listed on page 10 of your memorandum.

A White House Emergency Committee

While we have no objection to creation of a White House Emergency Management Committee, the director of the new agency should be required to report to the President through the National Security Council on defense and security matters and through a Presidential Assistant for domestic affairs having domestic crisis management responsibility on disaster assistance matters. This is important for both policy/program issues and for operations/control procedures.

-- Policies and Programs. The major part of the new agency's policy and program concern will be in national security affairs. The Defense Department properly worries that passive strategic defense issues may not be sufficiently coordinated with our offensive strategic programs if DCPA is taken from DOD. If the new agency is required to deal

through the NSC on policy and programs, however, then the NSC, which also reviews our strategic military posture, can coordinate the new agency's policies and programs with Defense policies and programs. The new agency's director would, of course, participate in NSC Committee deliberations as appropriate to ensure such coordination.

In disaster assistance policy, the new agency should deal through a Presidential Assistant for domestic affairs as well as through the NSC when "dual-use" of civil defense assets is at issue.

-- Operations and Control. In the event of a disaster, the new agency could provide the national operations center for coordinating information and providing the situation reports required to support the White House in decision-making. Any small group of Presidential Assistants dealing with a crisis would naturally depend heavily on the director of the new agency, including him in operational deliberations.



Zbigniew Brzezinski

RECEIVED

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF SCIENCE AND TECHNOLOGY POLICY

WASHINGTON, D.C. 20500

May 10, 1978

*Do Mr. Wellford
cc Mr. McIntyre*

78 MAY 10 All: 17

MEMORANDUM FOR: Jim McIntyre

FROM: Frank Press *FP*
MANAGEMENT

SUBJECT: Reorganization of Emergency Preparedness Program

My staff and I have worked very closely with the PRP emergency preparedness study team. This reorganization project has been thorough and the recommendations made are sound. I am fully supportive of the plan and the recommended options for the President. I would urge that this be sent forward for the President's consideration and if the President approves, submitted to the Congress so that action can be taken during this session.

RESPONSE TO CHARLIE SCHULTZE

This letter makes the fundamental error of confusing our "policy assumptions" with "objectives."

With regard to FIA, the point is a good one, as noted by Secretary Harris.

May 16, 1978

MEMORANDUM FOR JIM MCINTYRE

From: Charlie Schultze

CLS

Subject: Reorganization of Disaster-Relief Agency

I have two concerns about the Reorganization Task Force recommendations for emergency preparedness programs. First, I question whether a new, special-interest agency within the government is the best way to achieve the objectives of this study. Second, if you decide to recommend a new agency, I question whether the transfer of the Federal Insurance Administration to the new agency is advisable at this time.

I. Problems with a Separate Agency

Your proposal would create two new bodies to manage disaster relief policy and programs -- an Executive Office Emergency Management Committee that would exercise oversight over disaster programs, and a new disaster preparedness agency to administer the several existing programs now dispersed around the government.

In your memo, you spell out five specific objectives ("policy assumptions") that led to these recommendations:

- (1) It is desirable to achieve "dual use" of disaster facilities for civil defense and for natural and accidental disasters.
- (2) The program should have "Executive Responsibility" i.e., attention at the Cabinet and White House level.
- (3) Attack and natural disaster preparedness programs should be founded on existing organizations and resources, which are primarily at state and local levels.
- (4) To the greatest extent possible, emergency responsibilities should be extensions of regular agency missions and should rely on "In-Place Federal Resources."

- (5) Hazard mitigation should be a central long-term thrust of Federal involvement as an alternative to disaster relief.

While your proposed structure meets these objectives, I believe it also suffers from a major drawback. Currently, the needs of disaster programs must be weighted against other priorities within the departments that house them. Under the proposed arrangement, the budget of the new agency would be a focus for pressures to expand disaster programs from the Congress, and from states and cities. The result of these pressures eventually could be the devotion of substantially more resources to disaster programs than is desirable on budgetary or economic grounds. This could result from pressure on the Congress to add-on to the agency's budget even if those pressures are resisted at the White House. For this reason, I believe requiring disaster programs to be traded-off with other priorities of major departments is a necessary discipline.

The objectives that you have spelled out could be achieved through a structure less vulnerable to the criticisms I have raised of a stand-alone disaster agency.

First, if "Dual Use" of resources for civil defense needs and for other disasters is highly desirable, as it may well be on efficiency grounds, then merger of the Defense Civil Preparedness Agency and the Federal Preparedness Agency into the FDAA seems advisable. Retaining the resulting agency within HUD, however, would help to minimize pressures to expand disaster program budgets. Under this arrangement, the Defense Department could retain much the same budgetary "oversight" role proposed for it under the Reorganization Team's plan. Moreover, I believe that the structure I propose would better achieve your objective of relying on in-place Federal resources than would the establishment of a new agency.

The White House Emergency Management Committee also should be created, and should be given oversight powers over all disaster programs. Together with the regular OMB budget review process, this Committee should be responsible for coordinating and establishing priorities among disaster programs. This Committee also could ensure that state and local governments play the desired role in disaster programs. In order to closely mesh this group's activities with the other budget and management functions of OMB, and

in order to give the Committee the high-level attention you desire, I would suggest that the Director of OMB chair the Emergency Management Committee.

II. Insurance Programs

I have a particular concern for the handling of insurance programs under this reorganization. Your plan would merge the Federal Insurance Administration, including its riot insurance program and its general expertise on insurance matters, into the disaster agency. I understand, however, that OMB is considering seriously a reorganization study of the Federal role with regard to insurance underwriting, regulation of the insurance industry, and organizational location of current insurance programs. The transfer of the FIA may prejudice the outcome of that study.

I also have a substantive concern about the proposed merger of the FIA into an independent disaster-aid agency. Such a transfer invites pressures to expand the Federal insurance underwriting role into earthquake, hurricane, and other natural or accidental insurance areas. This tendency would be exacerbated if, as is contemplated, hazard programs were administered by a separate insurance division within the new agency. Such a division would have a clear bureaucratic interest in expanding its role to cover other hazards. In most cases, insurance already is offered in the private market to cover disaster hazards other than floods. Therefore, I question whether an expansion of the Federal insurance role -- with the possible attendant increase in Federal regulation over the industry -- should be invited without considerable thought and review.

Therefore, if you plan a reorganization review of the Federal government's role vis-a-vis the insurance industry, I believe that the FIA should not be moved from HUD to the new agency. There is precedent under your own plan for leaving some major programs outside of the new consolidated agency -- such as the SBA and Agriculture Department programs.

If the contemplated reorganization study concludes that the flood insurance program should be administered by a consolidated disaster program agency, the transfer can be made at a later date. If this is done, the insurance program should be administered alongside grant and loan programs, not within a separate division. In this fashion, pressures to expand insurance programs can be offset by budgetary tradeoffs among all Federal disaster relief and mitigation programs.

THE WHITE HOUSE

WASHINGTON

May 26, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: RICHARD PETTIGREW *Rick*

SUBJECT: McIntyre Memo re Reorganization of
Emergency Preparedness and Response
Programs

I concur with OMB's recommendations regarding reorganization of emergency preparedness functions. Independent status for the new agency is central to maintaining outside political support for this initiative. Greg Schneiders and his staff have done an excellent job of laying the groundwork for this proposal, and I expect it will be enthusiastically received by state and local governments and most affected interest groups.

Although necessary steps have been taken to accommodate the concerns of fire prevention professional groups regarding the NFPCA, we still face some noisy opposition from certain volunteer firefighter groups. Their concerns are with the fate of the current administrators. Such an objection is not an appropriate basis for excluding NFPCA from the transfer.

THE WHITE HOUSE

WASHINGTON

May 26, 1978

MEMORANDUM TO THE PRESIDENT

FROM:

ANNE WEXLER *Anne*

SUBJECT:

McIntyre Memo Re: Reorganization of
Emergency Preparedness and Responsiveness
Programs

If and when a plan is submitted, I would oppose the recommended transfer of the National Fire Prevention and Control Administration (NFPCA) from Commerce to the proposed new agency (issue 3, p. 10). The mission of NFPCA is inconsistent with that of the new agency. NFPCA now concentrates on fire prevention rather than fire suppression. Placing it in a new agency designed to deal with disasters and emergencies would either shift emphasis to suppression or invite Congress to expand NFPCA's mission, either of which would build pressure for additional funds at a time when they are unavailable. The National League of Cities, U.S. Conference of Mayors, and City Managers all oppose the transfer.

CONCURRENCES



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

WWT 5/205

Heavenly
7/20/78

Mr. James T. McIntyre, Jr.
Director
President's Reorganization Project
Office of Management and Budget
Washington, D. C. 20503

MAY 17 1978

Dear Mr. McIntyre:

The Department of the Interior supports the staff recommendations to consolidate the emergency preparedness functions and responsibilities of the Federal Preparedness Agency, the Defense Civil Preparedness Agency and the Federal Disaster Assistance Administration into a single emergency preparedness organization.

We also concur that establishing the organization in a newly created agency, rather than a presently established department or agency with specific peacetime functions, will provide better results. However, reestablishment of the emergency organization in the Executive Office of the President might provide the maximum benefits and visibility to the Program.

The reorganization study addresses the advantages of a consolidated agency in improving emergency plans and programs at the State and local levels. It should also be pointed out that Federal, State and local government plans are only as successful as the industrial resource programs which support the emergency operations. Consistent Federal guidance, through a single Federal agency, will indicate the interest of the Federal Government in strengthening the emergency preparedness planning and will encourage renewed support of industry in cooperative emergency planning.

This letter confirms the transmittal of the above data by Chuck Enright of my staff to Nye Stevens of your Office on May 10, 1978.

Sincerely,

746
[Signature]

Larry E. McInerney
Deputy Assistant Secretary of Interior

P1107



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

MAY 10 1978

Honorable James T. McIntyre, Jr.
Director, Office of Management and Budget
Washington, D.C. 20503

Dear Jim:

We have reviewed your staff draft recommendations on the reorganization of emergency preparedness programs and concur with the proposed reorganization decisions.

We do urge that in development of the reorganization plan, consideration be given to the impact of the proposed reorganization on the operating departments and agencies in the execution of their basic statutory and administrative responsibilities. Also we believe that the mission statement of the new agency should be amended to state that allocation of funds shall be done in full coordination with the heads of all Federal departments and agencies with emergency preparedness responsibilities.

Thank you for the opportunity to comment on the proposal.

Sincerely,

BROCK

Brock Adams



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

ASSISTANT SECRETARY

RECEIVED
MAY 10 P 4: 53

MAY 10 1978

Dear Mr. McIntyre:

This responds to your memorandum of May 8, 1978 to the Secretary requesting the Department's comments on the latest OMB draft recommendations on the reorganization of emergency preparedness programs.

I note with appreciation that the Department's comments contained in my letter of February 14, 1978 to Peter Szanton have been incorporated, for the most part, in the current draft. Specifically, while we concurred in general with the draft decisions and recommendations, we did not concur in Recommendation No. 11 to transfer responsibility for Section 232 of the Trade Expansion Act concerning import surveillance (to determine if imports threaten or impair national security) from Treasury to the new, independent agency. While that decision and recommendation, along with the appendix on import surveillance, have been deleted from the current draft, I note with some concern that the proposed Mission Statement (Appendix E) at the top of the second page in line 2 contains "import surveillance" as a responsibility of the proposed agency.

In keeping with our earlier position, we do not concur in the assignment of this responsibility to the new, independent agency, especially since the reorganization study originally treated "import surveillance" as synonymous with Section 232 responsibility. Therefore, we request that the words "import surveillance" be deleted from the Mission Statement.

Subject to the foregoing comment, the Department concurs in the draft document.

Sincerely,

William J. Beckham, Jr.
Assistant Secretary (Administration)

The Honorable
James T. McIntyre, Jr.
Director, Office of Management
and Budget
Washington, D.C. 20503



UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D.C. 20530

12 MAY 1978

Address Reply to the
Division Indicated
and Refer to Initials and Number

Mr. James T. McIntyre, Jr.
Director
Office of Management and Budget
Washington, DC 20503

Attention: Harrison Wellford

Dear Mr. McIntyre:

This is to confirm our telephonic response of May 10, 1978 in reply to your recent request for comments regarding staff draft recommendations on the reorganization of emergency preparedness programs.

We have reviewed the options in your Memorandum For The President and we approve all of the recommendations of the Office of Management and Budget contained therein.

We appreciate being afforded the opportunity to comment on this matter.

Sincerely,

Robert L. Dennis, Director
Administrative Programs Management Staff
Office of Management and Finance

MANAGEMENT BUDGET

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Stevens

HW# 5/182

May 11, 1978

Mr. Woods
Department of Agriculture

The Department of Agriculture has no comments on the emergency preparedness report.

May 11, 1978

Marian Wyrsh
Office of the Secretary of Labor

The Department of Labor has no comments on the emergency preparedness report.

Concurrence



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20201

MAY 11 1978

Mr. Harrison Wellford
Office of Management and Budget
Executive Office of the President
Washington, DC 20503

Dear Mr. Wellford:

We appreciate being given an opportunity to comment on the draft of recommendations for reorganization of emergency preparedness programs.

We strongly endorse the proposed consolidation of FPA, DCPA, and FDAA as a new independent agency and the creation of a White House Emergency Management Committee.

Consolidation of Federal crisis management programs should result in a more cost effective operation, better utilization of professional staff, and simplified working relationships with the many Federal departments and agencies involved.

We regret, however, that the General Accounting Office recommendation for restoration of "delegate agency funding" is not among the proposals. Without central Federal control of funding support for department and agency emergency preparedness and planning activities, these programs will probably not receive the priority and effort commensurate with the many responsibilities assigned to them by Executive Order 11490 and related crisis management and disaster assistance authorities.

We have no comments on the several other hazard mitigation programs described in Decision "D" of the summary.

Sincerely yours,

Leonard D. Schaeffer
Leonard D. Schaeffer

Concurrence



Department of Energy
Washington, D.C. 20545

MAY 18 1978

Mr. James T. McIntyre, Jr.
Director
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. McIntyre:

Secretary Schlesinger has asked me to respond to your memorandum which requested DOE comments on the proposed reorganization of emergency preparedness programs.

We have reviewed your proposal and have no objections or comments to offer. We do appreciate the opportunity to comment however and look forward to reviewing other reorganization proposals of the President's Reorganization Project.

Sincerely,

William S. Heffelfinger
William S. Heffelfinger
Director of Administration

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